

Message Text

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21/51

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 L-02 CAB-02 DOTE-00 FAA-00

SIL-01 LAB-01 CIAE-00 INR-05 NSAE-00 RSC-01 /038 W

----- 088782

R 221407Z NOV 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4518

INFO AMEMBASSY BONN

AMEMBASSY LISBON

AMEMBASSY BANGKOK

AMCONSUL HONG KONG

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C O R R E C T E D C O P Y (CORRECT LINE ELEVEN PARAGRAPH B)

E.O. 11652: N/A

TAGS: EAIR, ELAB, FR

SUBJECT: CIVAIR: EMPLOYMENT DISPLACEMENT

REF: STATE 256126

1. WE HAVE DISCUSSED REFTEL REQUEST WITH CORNING,
PANAM'S DIRECTOR FOR FRANCE. ANSWERS ARE AS
FOLLOWS:

A) PANAM WOULD BE REQUIRED BY FRENCH LAW TO
PAY FINANCIAL BENEFITS TO EMPLOYEES RELEASED AS
CONSEQUENCE OF DISCONTINUATION OF OPERATIONS.
NO DISTINCTION IS MADE BETWEEN FRENCH NATIONALS
AND NON-AMERICAN EMPLOYEES OF OTHER THAN FRENCH
NATIONALITY IF HIRED LOCALLY AND THUS SUBJECT TO
FRENCH LABOR LAWS. (ONLY VERY FEW AMONG PANAM'S
NON-AMERICAN EMPLOYEES IN FRANCE ARE NOT FRENCH.)
UNDER FRENCH LABOR LAWS EMPLOYEES ARE DIVIDED INTO
THREE BASIC CATEGORIES: (1) WORKERS (BLUE COLLAR)
(2) "CADRE" (SUPERVISORY AND TECHNICAL PERSONNEL),
AND (3) EMPLOYEES (WHITE COLLAR). FOR FIRST

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CATEGORY TWO MONTHS NOTICE OF TERMINATION OF

EMPLOYMENT MUST BE GIVEN AND FOR TWO OTHER CATEGORIES THREE MONTHS NOTICE IS REQUIRED; SALARY FOR THIS PERIOD MUST BE PAID WHETHER OR NOT EMPLOYEE WORKS THROUGH TO END OF PERIOD. IN ADDITION, THERE ARE COMPLICATED FORMULAE FOR CALCULATION OF SEVERANCE PAY ON BASIS OF SENIORITY, ETC., WHICH CAN AMOUNT TO AS MUCH AS EQUIVALENT OF ELEVEN MONTHS' SALARY. THIS SEVERANCE PAY IS IN ADDITION TO TWO OR THREE MONTH SALARY PAID FOLLOWING NOTICE OF TERMINATION. SEVERANCE PAY IS GIVEN TO EMPLOYEE AS LUMP-SUM ON DATE OF SEPARATION. THERE ARE NO CONDITIONS UNDER WHICH ABOVE BENEFITS CAN BE REDUCED OR AVOIDED.

B) PANAM HAS NO CONTRACT WITH ANY LABOR ORGANIZATION IN FRANCE. EMPLOYEES ARE HIRED ON BASIS OF INDIVIDUAL WORK CONTRACTS CONCLUDED WITH MANAGEMENT SETTING FORTH CONDITIONS OF EMPLOYMENT (TASK, SALARY, VACATION BENEFITS, ETC.) AND RESPECTING REQUIREMENTS FOR SUCH WORK CONTRACTS LAID DOWN BY GOF UNIFORMLY FOR ALL AIRLINES OPERATING IN FRANCE. INDIVIDUAL WORK CONTRACTS DO NOT SPELL OUT FINANCIAL BENEFITS TO WHICH EMPLOYEE ENTITLED IN EVENT OF TERMINATION OF EMPLOYMENT EXCEPT IMPLICITLY BY REFERENCE TO RELEVANT GOF STANDING REGULATIONS AND LEGISLATION.

C) NEITHER PANAM -- NOR EMBASSY -- IS AWARE OF ANY OTHER COST THAT COULD OR WOULD BE IMPOSED BY GOF SHOULD PANAM DISCONTINUE ITS SERVICE TO FRANCE. PANAM WOULD OF COURSE HAVE TO NEGOTIATE RELEASE FROM LEASES FOR OFFICE SPACE AND FREIGHT TERMINAL, BUT THIS WOULD BE NORMAL PRACTICE AND

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INFO OCT-01 EUR-12 EA-06 ISO-00 L-02 CAB-02 DOTE-00 FAA-00

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R 221407Z NOV 74
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4519
INFO AMEMBASSY BONN
AMEMBASSY LISBON
AMEMBASSY BANGKOK
AMCONSUL HONG KONG

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NOT EXCEPTIONAL IMPOSITION.

2. GOF RECENTLY ANNOUNCED (PARIS 24426) THAT
HENCEFORTH ANY WORKER IN FRANCE LOSING HIS
JOB FOR REASONS STEMMING DIRECTLY FROM ECONOMIC
RECESSION WOULD RECEIVE WAGES FOR MAXIMUM PERIOD
OF ONE YEAR. HOWEVER, THESE WOULD BE PAYABLE
FROM A SEPARATE FUND AND NOT BY EMPLOYER. CORNING
WAS UNAWARE OF WHETHER PANAM EMPLOYEES WHO MIGHT
HAVE TO BE RELEASED WOULD BE ELIGIBLE FOR SUCH
PAYMENT, WHICH IN ANY CASE WOULD NOT BE MANAGEMENT'S
DECISION OR AT MANAGEMENT'S EXPENSE. IN ANY CASE,
THIS GOF PAYMENT, EVEN IF GRANTED, WOULD NOT
EXEMPT EMPLOYER FROM MAKING SEVERANCE PAYMENTS
REQUIRED AS DESCRIBED PARA 1(A) ABOVE.

3. CORNING ESTIMATES THAT OVER-ALL COST TO PANAM
OF SEPARATION OF EMPLOYEES IN FRANCE WOULD AMOUNT
TO SOMEWHERE BETWEEN \$1 MILLION AND \$1.5 MILLION,
DEPENDING ON EFFECTIVE DATE. THIS ESTIMATE IS
BASED ON ASSUMPTION THAT 230 EMPLOYEES OF PANAM'S
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PRESENT STAFF OF 250 WOULD BE RELEASED, WHICH
CORNING QUALIFIED AS "THE MOST EXTREME" PROJECTION.
(EVEN IF PANAM DOES TERMINATE SCHEDULED SERVICE
TO FRANCE, IT WOULD PLAN ON MAINTAINING SMALL
SALES STAFF AND ALSO CONTINUE CHARTER OPERATIONS
SERVING FRENCH MARKET.)
RUSH

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Message Attributes

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